

BOARD OF ESTIMATE & TAXATION MEETING ACTIONS

FEBRUARY 13, 2006

ATTENDANCE: Mayor Richard Moccia; Fred Wilms, Chairman; Randall Avery;
Michael Lyons; James Clark;
Stuart Wells; Ron Coley

STAFF: Mary Roman, City Clerk Thomas Hamilton, Director of Finance

OTHER: Amar Shamas, Gilbane; Hal Alvord, Director DPW

CALL TO ORDER

Mayor Moccia called the meeting to order at 7:35 p.m.

Ms. Roman read the roll call.

FY 2006-07 RECOMMENDED OPERATING BUDGET

Mr. Hamilton presented the FY 2006-07 recommended operating budget from his written report. He said the City Charter provides the finance director to transmit the requested budget together with his recommendations.

Mr. Hamilton said the recommended budget totals \$250,584,000. The recommended budget would require an increase in the tax levy. The property taxes of 5.65% would result in an expenditure increase of 6.95%. They use the median single family from the 4th District because they are still in a phase-in of the 2003 revaluation. The last number in terms of the impact on single family taxpayers includes the impact of revaluation and the growth on the grand list. The tax levy increase of 5.5% does not include any growth in the grand list. In fiscal year 2004/05, the median tax increase for single family taxpayers in the 4th District was \$392.00, or 8.9%. In fiscal year 2005/06, the median tax increase was \$262.00, or 5.5%.

The Board of Education represents 55.3% of the budget. The debt service comprises 8.3% and is made up of debt service of city projects as well as Board of Education projects. The total Board of Education with debt service is \$147.3M, or 58.7% of the budget. The next largest is Public Safety, comprising the Police Department, Fire Department, and Emergency Dispatch, at 12.7% of the budget. Public Works is 6.2% of the budget. Recreation, Parks & Cultural Affairs is 2.8% of the budget. The remaining amount makes up 1.5% of the budget.

Mr. Hamilton said that most of the money necessary to support the city budget comes from property taxes. Norwalk receives comparatively little, about 7.2%, from State grants. Some of the surrounding communities have 50% or more of their budget

supported by State grants. The biggest state grant program is the Education Cost Sharing Grant, which helps support education expenses. That produces \$8M a year for Norwalk. Other revenue sources are departmental charges at 4%, town clerk fees, building permit fees, etc. The interest income is 1.4% of revenue. He said he has not proposed any increase in the amount of the fund balance to support next year's budget. The budget for the current year assumes the use of \$1.5M of fund balance to support the 2005/06 budget, and the recommended budget for next year assumes the use of \$1.5M fund balance.

The Board of Education, at close to 60% of the budget, will always be the biggest driver of the budget. The increase of 4.42% represents an increase of \$5,864,000. The 4.42% is the Finance Department's calculation on the increase based on the original approved budget for 2005/06 compared with the recommended and requested budget for next year. He sent the Board of Education budget through without any recommended adjustments. They are still reviewing the budget, and they may make some additional recommendations during the course of the budget review process.

Employee wages and benefits are another key driver of the city budget. All of the city labor contracts are unsettled for the next fiscal year. The total wages total about \$45.3M, excluding the Board of Education. The health insurance costs continue to rise at double digit rates, and that continues to be a concern and a budget challenge. For the next fiscal year that 10% increase translates into \$1.7M. They are expecting a reimbursement of approximately \$120-140,000 per year on the prescription drug program. There are new accounting rules regarding post employment benefits that will have a significant impact on the city's accounting rules. This won't take affect until fiscal year 2007/08. The liability estimate is currently projected at \$152.6M by the actuary. This will now have to be reflected on the city's financial statement, under the new accounting rules. The annual pre-funding is estimated at \$15M a year. The delta, or increase, is 9.9% on an actuarially sound basis. The liability for the State of Connecticut has been calculated at \$10B.

Energy costs are another budget driver. Costs for fuel and gasoline have gone up by 34% compared to fiscal year 2005. Disposal costs are also increasing.

The new item in the budget is a focus on Public Safety. Three new police officers have been added to the Patrol Division in the recommended budget. The Emergency Dispatch Operation has just been civilianized, and that has resulted in the transfer of 6 officers out of communications and back out onto the street. There is one more supervisor position that needs to be hired for Combined Dispatch. The recommended budget includes a salary for a grants coordinator. There is a new position included in the budget for the second half of the fiscal year for a compliance officer in the conservation office relating to aquifer protection. There was a secretary position in the Parks & Recreation office that was cut two years ago, and they are recommending that the position be restored.

There weren't that many changes in the budget on the revenue side. The items in excess of \$100,000 are listed. The increase is in the Distressed Municipality Program, which is a tax incentive program administered by the State. The program provides incentives to certain business that meet the qualifications. They are Diageo, Hewitt & Factset. Norwalk

receives a partial reimbursement from the State, which is \$1,220,000. They have continued the local \$.25M real estate conveyance tax. Interest income is up by \$1.2M, which is due to rising short-term interest rates. Building permits are up by \$350,000.

Pensions are going up significantly. The city had a 3 year period when the pension contributions were 0. The normal cost of the pension is about \$4.5M-\$5M per year, and they are moving toward that goal.

Mr. Hamilton mentioned some other budget considerations. The recommended budget does not reflect many capital procurements. The city will need to fund the police cruisers, fire equipment, miscellaneous vehicles, etc. He is proposing the same strategy as last year. He is expecting money to come back in the form of a special appropriation from the operating surplus. The next revaluation will take place on October 1, 2008.

The Board of Education will have more recommendations made once the budget is analyzed in more detail. The Board of Education budget relies on about \$4.3M of budgetary one-shots. These are monies that are coming back from the previous health insurance carriers from a reserve fund. They are expecting the surplus to lower the amount of money they need to request for next year. The one-shot revenues most likely will not be available for the fiscal year 2008 budget, so they are expecting the Board of Education budget to have an 8.9% increase the following year.

In conclusion, Mr. Hamilton said the recommended budget maintains all existing city services and city staff, and does not recommend reducing any existing services or staff.

The staff additions will be three police officers, a dispatch supervisor, a grant coordinator, an aquifer protection officer, and a secretary for the Recreation & Parks office. The recommended budget will result in a 5.5% tax levy increase, with a tax on the median single family homeowner in the 4th District of 4.5%.

He said he looks forward to working with everyone to develop a final budget by the first Monday in May. Mayor Moccia thanked Mr. Hamilton. Mr. Avery said the city lists a corporation with 800 employees as it's largest employer. He suggested that the Board of Education should actually be listed as the city's largest employer, as it has 1,400 employees.

APPROVAL OF MINUTES

January 3, 2006 – Regular Meeting

** MR. CLARK MOVED TO APPROVE THE MINUTES OF JANUARY 3, 2006.

** MOTION PASSED UNANIMOUSLY.

SPECIAL APPROPRIATIONS AGENDA (SECTION A)

List of Resolutions

Advertised Items – 3

Ms. Roman read the first resolution into the record.

RESOLVED, THAT A SUM NOT TO EXCEED \$60,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE PERSONNEL DEPARTMENT TO PAY FOR A SHORTFALL IN LEGAL SERVICES FOR CONTRACT NEGOTIATIONS AND ARBITRATIONS. (ACCOUNT NO. 01-0700-5258).

Mr. Hamilton said this account is used by the Personnel Department for budget appropriations as well as arbitration issues. In 2004/05, the city spent \$88,000 in this particular account. As of the present time, there is a shortfall of approximately \$21,000, with invoices through December. Negotiations are expected to commence shortly with the bargaining groups regarding the city's labor contracts that expire June 30, 2006. He said the \$60,000 is warranted and necessary.

** MR. WILMS MOVED TO APPROVE THE RESOLUTION, THAT A SUM NOT TO EXCEED \$60,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE PERSONNEL DEPARTMENT TO PAY FOR A SHORTFALL IN LEGAL SERVICES FOR CONTRACT NEGOTIATIONS AND ARBITRATIONS. (ACCOUNT NO. 01-0700-5258).

** MOTION PASSED UNANIMOUSLY.

Ms. Roman read the second resolution into the record.

RESOLVED, THAT A SUM NOT TO EXCEED \$100,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE PUBLIC WORKS DEPARTMENT TO PAY FOR TREE REMOVAL AND TRIMMING SERVICES. (ACCOUNT NO. 01-4029-5298).

Mr. Hamilton said the recommendation here is to approve the special appropriations for \$52,000 rather than the \$100,000. He explained the department has expended about \$80,000 out of the account, leaving about \$20,000. The account would not have enough money to cover the additional expenses relating to Christmas tree removal. Several recent significant storms have resulted in additional expenses being incurred. There is a backlog of 250 trees that need to be removed.

** MR. LYONS MOVED TO APPROVE THE RECOMMENDED SUM OF \$52,000 FOR THIS ITEM. (ACCOUNT NO. 01-4029-5298).

** MOTION PASSED UNANIMOUSLY.

Ms. Roman read the third resolution into the record.

RESOLVED, THAT A SUM NOT TO EXCEED \$24,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE PUBLIC WORKS DEPARTMENT TO PAY FOR REPAIRS TO THE SALT SHED AT THE DPW CENTER. (ACCOUNT NO. 01-4044-5269).

**** MR. WELLS MOVED TO APPROVE THE RESOLUTION, THAT A SUM NOT TO EXCEED \$24,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE PUBLIC WORKS DEPARTMENT TO PAY FOR REPAIRS TO THE SALT SHED AT THE DPW CENTER. (ACCOUNT NO. 01-4044-5269).**

**** MOTION PASSED UNANIMOUSLY.**

Report on Special Appropriations

None.

Justification/Back-up material

None.

TRANSFER AGENDA (SECTION B)

From To Amount

01-3055-5241 (Electric) 01-3055-5244 (Gas) \$47,053

Mr. Hamilton said the transfer is to cover the anticipated shortfall in the Natural Gas account due to rate increases. This is for the new Police Station. The money is coming from the electric account to the new Police Station, where they are currently running significantly below the budget.

**** MR. CLARK MOVED TO APPROVE THE TRANSFER OF \$47,053 FROM THE ELECTRIC ACCOUNT #01-3055-5241 TO THE GAS ACCOUNT #01-3055-5244.**

**** MOTION PASSED UNANIMOUSLY.**

OTHER BUSINESS (SECTION C)

Special Capital Appropriation – Norwalk High School Cogeneration Project.

Ms. Roman read the resolution into the record.

RESOLUTION, APPROPRIATING \$1,922,813 FOR THE NORWALK HIGH SCHOOL COGENERATION PROJECT AND AUTHORIZING THE ISSUANCE OF \$1,922,813 BONDS OF THE CITY TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE. (PROJECT ACCOUNT NO. 09065010-5777-C0382).

Mr. Amar Shamas explained the Norwalk High School Cogeneration Project. He said when the designers, Fletcher Thompson, were charged with the design of the project, there were no incentives in place. As of July 2005, the independent energy act that was

introduced by the legislature provided significant incentives for cogeneration projects. The incentives that were offered provide one time incentives, capital cost reductions, and class 3 renewables. The cogeneration system engine runs on natural gas that generates electricity and heat. It provides supplemental heat to the existing building heating system, to the hot water system, and to the pool. Last December, the Common Council approved the cogeneration vendor for the project in the amount of \$593,600 for the unit itself.

There are other systems associated with the cogeneration unit; the total is \$1.922M.

Mr. Hamilton said the financial aspects of this project were reviewed very carefully. The financial model indicates that there is a financial return to the city of almost \$3.3M over a 15 year period.

**** MR. WILMS MOVED TO APPROVE THE RESOLUTION, APPROPRIATING \$1,922,813 FOR THE NORWALK HIGH SCHOOL COGENERATION PROJECT AND AUTHORIZING THE ISSUANCE OF \$1,922,813 BONDS OF THE CITY TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE. (PROJECT ACCOUNT NO. 09065010-5777-C0382).**

**** MOTION PASSED UNANIMOUSLY.**

Termination of Capital Budget Project – Traffic Calming.

RESOLUTION, AUTHORIZING THE REDUCTION OF \$100,000 OF CAPITAL BUDGET APPROPRIATION FOR DEPARTMENT OF PUBLIC WORKS TRAFFIC CALMING. (PROJECT ACCOUNT NO. 09044021-777-C0300).

Mr. Alvord said that he and his staff have been consistent with recommending traffic calming measures, other than speed humps. The speed humps can be problematic for emergency vehicles and have little effect on the reduction of speeding. He wanted to clarify that they are asking for money for traffic calming measures, and for traffic management planning; they are not asking for money specifically for the speed hump program.

**** MR. WILMS MOVED TO APPROVE THE RESOLUTION, AUTHORIZING THE REDUCTION OF \$100,000 OF CAPITAL BUDGET APPROPRIATION FOR DEPARTMENT OF PUBLIC WORKS TRAFFIC CALMING. (PROJECT ACCOUNT NO. 09044021-777-C0300).**

**** MOTION PASSED WITH ONE (1) ABSTENTION (WELLS).**

Additional Capital Appropriation – 4-R Paving Program.

RESOLUTION, APPROPRIATING \$100,000 FOR THE DEPARTMENT OF PUBLIC WORKS 4-R PAVING PROGRAM. (PROJECT ACCOUNT NO. 09064021-5777-C0283).

**** MR. LYONS MOVED TO APPROVE THE RESOLUTION, APPROPRIATING \$100,000 FOR THE DEPARTMENT OF PUBLIC WORKS 4-R PAVING PROGRAM. (PROJECT ACCOUNT NO. 09064021-5777-C0283).**

**** MOTION PASSED UNANIMOUSLY.**

ADDITIONAL INFORMATION (SECTION D)

Oak Hills Park Financial Status – December, 2005
Summary of Special Appropriation – FY 2005-06
Status of Contingency – FY 2005-06
Financial Reports
Year-to-date Capital Budget Report (FY 2005-06)
Year-to-date Operating Budget Report (FY 2005-06)
Board of Education Budget Report – (FY 2005-06)
Salary Accounts
Fire Overtime
Dispatch Overtime
Police Overtime

**** MR. WELLS MOVED TO ADJOURN.
** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 9:30 p.m.

Respectfully submitted,

Carolyn Marr
Telesco Secretarial Services

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